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LATHAM & WATKINS LLP

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MAY 13 2003

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

May 12, 2003

Marlene Dortch, Secretary  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

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File No. 036173-0000

Re: CC Dkt No. 94-102: Notice of ex Parte Presentation

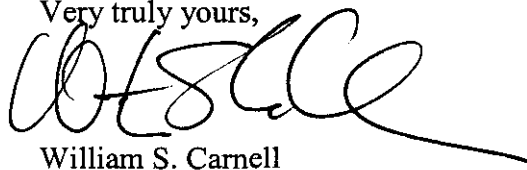
Dear Ms. Dortch:

On May 8, 2003 John Bucci, Michelle Avary and Robert Chiapetta, all of Toyota Motor North America, Inc., and Gary Epstein and the undersigned of Latham & Watkins, LLC, counsel to Toyota, met separately with Bryan Tramont of Chairman Powell's office, and with Jared Carlson and Greg Guice of the Wireless Telecommunications Bureau. The parties discussed the attached handouts, and urged that the Commission should not extend E911 regulations to embedded telematics services and devices.

In addition to matters already in the administrative record, Mr. Bucci pointed out that the current E911 regime was developed around cellphone technologies and capabilities, and would be unsuitable for application to telematics industry. He further stated that compliance with E911 rules would likely require equipment manufacturers to engage in a complete re-design of their respective telematics systems, requiring an investment of thousands of engineer hours, and pointed out that manufacturers are already facing a heavy burden in the transition to digital technology for telematics units.

In accordance with the Commission's rules the original and one copy are enclosed for filing in the above-referenced docket. Please feel free to contact the undersigned should you have any questions.

Very truly yours,



William S. Carnell  
of LATHAM & WATKINS LLP

Enclosure

cc: Bryan Tramont  
Jared Carlson  
Greg Guice

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# TOYOTA

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## **FCC Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems (WT Docket No. 02-326)**

*Ex Parte Presentation*

May 8, 2003



Toyota  
May 8, 2003

# **Toyota has been offering telematics on select Lexus vehicles since 2000**

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- Toyota: One of the leading car manufacturers in the United States and in the world
- Lexus Link: The embedded telematics service offered in certain Lexus vehicles
  - Manufactures the embedded telematics equipment based on OnStar design specifications
  - OnStar provides the underlying telematics call center service



Toyota  
May 8, 2003

# Lexus Link provides safety & security services

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- Lexus Link is a system of on-board hardware and software working in conjunction with wireless network and call center technologies to provide a wide range of safety, security and convenience services
  - Lexus Link is currently offered on LS, LX, GX, RX and SC
  - MSRP: \$1,215 (*one year service included*)
  - Service price:



Toyota  
May 8, 2003

- |           |       |
|-----------|-------|
| ➤ Basic   | \$215 |
| ➤ Premium | \$413 |

# Embedded telematics does not need regulation

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- Telematics provides valuable and beneficial services
- E911 compliance would be difficult and costly
  - And would likely reduce penetration
- No evidence that regulation is needed
  - This is *not* cellular



Toyota  
May 8, 2003

# Telematics provides valuable emergency services

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- Provides always-on, ubiquitous coverage
- Offers detailed location information TODAY
  - Greater accuracy than E911 requirements
  - Delivers information regardless of PSAP readiness
- Automatic collision notification (A.C.N.): even when the victim cannot speak
- The emergency care community agrees:
  - ComCare Alliance: The “policy objective of promoting safety...means promoting the wide deployment of telematics”



Toyota  
May 8, 2003

# Telematics benefits drivers in all types of situations

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- Features that benefit safety and security
  - A.C.N.
  - Emergency services
  - Accident assist
  - Roadside assistance
  - Ride assist
  - Stolen vehicle tracking
- Features that add to quality of life
  - Concierge services
  - Information services
  - Route guidance
  - Remote door unlock



Toyota  
May 8, 2003

***Some calls are considered “emergencies” by the driver such as a flat tire that do not require PSAP assistance***

# **Regulation would be burdensome and potentially detrimental**

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- E911 rules were designed for mobile telephone, not telematics
- Compliance would require a total re-design
  - Concern for legacy customer satisfaction
- Very high cost of re-design and of new equipment
- Possible that some providers might exit from telematics rather than endure expense of re-design



Toyota  
May 8, 2003

***Net effect: costlier telematics, fewer subscribers***



# Long time horizon to ensure product safety

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- Three-year design cycle
  - From drawing board to showroom
- Five-year product cycle
  - Time between major re-designs
- Long vehicle life span – 10+ years
- Telematics equipment is already in the midst of a major re-design, from analog to digital



Toyota  
May 8, 2003

***A fundamental change to telematics equipment and services  
would take many years to complete***

# No clear benefit from regulation

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- No evidence that regulation would improve location accuracy
- No evidence of any problem with existing systems and methods
- No evidence of customer confusion over how their calls will be routed
- No evidence of *any* benefit to be gained through regulation



Toyota  
May 8, 2003

# Questionable jurisdiction

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- Not a “Commercial Mobile Service” under Sections 3 and 332
  - Not “interconnected”
  - Not made “available to a substantial portion of the public”
    - Sold only in bundle with cars; no choice of provider
- Telematics is an information service that “makes use of” telecommunications services



Toyota  
May 8, 2003

# The Toyota dilemma

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- Digital transition requires a major re-design
- Should we instead wait and see what E911 regulations may appear?



Toyota  
May 8, 2003